B.A. (Honours) Examination, 2015

Use separate answer book for each half.

Part – III
Economics
Paper – V

(For Back Candidates only)

Time: 4 Hours **Full Marks: 80**

Questions are of value as indicated in the margin.

Answer ***six*** questions taking ***three*** from each half.

First Half

(Macroeconomics-II)

1. Show the inconsistency between the General Equilibrium Framework, Walras Law and Quantity Theory of Money, in the context of the problem of indeterminacy of absolute prices. 13⅓
2. Discuss in detail graphically and analytically the impacts of an expansionary fiscal policy in an IS-LM model with different shapes of the LM curve. 13⅓
3. Discuss and derive the Policy Irrelevance result under Adaptive Expectations using the SR and LR Phillips Curves. 13⅓
4. Derive the Expectation Augmented AS curve from due Workers' Misperception Model – under short and long run conditions. 10+3⅓=13⅓
5. Discuss in detail the Permanent Income Hypothesis. How is this hypothesis used to reconcile the short-run variability of APC and long run constancy of APC? 3⅓+10=13⅓
6. Discuss in detail the fixed and flexible accelerator. 13⅓

Second Half

(Growth Economics)

1. Give a critical evaluation of the classical model of economic growth as developed by Ricardo. 13⅓
2. Define Harrod's "Warranted rate of growth" and "natural rate of growth". What will be the consequences if the warranted rate differs from the natural rate? 7+6⅓
3. Show that under usual neoclassical conditions of flexibility of factor proportion, the extreme instability in the long run disequilibrium of an economy can be avoided. 13⅓
4. Discuss briefly the Passinetti's model of economic growth. What are the major differences between Pasinetti's and Kaldor model of economic growth? 10+3⅓=13⅓
5. Distinguish between 'Hicks neutral' and 'Harrod neutral' technical change. Under what conditions a technical change may be both Hicks neutral and Harrod neutral? 13⅓
6. Write a note on the Hicks theory of Business cycle. 13⅓